GOVERNMENT OF INDIA
FINANCE AND COMPANY AFFAIRS
LOK SABHA

UNSTARRED QUESTION NO:4930
ANSWERED ON:20.12.2002
STRUCTURAL REFORMS IN BANKS AND FINANCIAL INSTITUTIONS
DUKHA BHAGAT;HARIBHAI PARTHIBHAI CHAUDHARY

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether the Government propose to carry out reforms in banks and financial institutions by effecting infrastructural changes therein;

(b) if so, the details thereof; and

(c) the time by when these reforms are likely to be carried out?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL):

(a) to (c) The Committee on Banking Sector Reforms (Narasimham Committee II) has provided a road map for future reforms in the financial/banking sector which is as follows:

Deregulation of the financial sector with greater autonomy in operations,

Consolidation of banking system and convergence to universal banking,

Restructuring of weak public sector banks,

Dilution of government equity in public sector banks to 33%,

Adoption of scientific tools for management of risks,

Further enhancement of Capital Adequacy,

Capital for market risk and adoption of scientific tools for management of risks,

Tightening of prudential norms,

Greater disclosures,

Technology improvements to modernise Indian banking system,

Further legal reforms to expedite recovery of banks`dues.

In this regard, a Bill to amend Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970/80 has already been introduced in the Parliament in December, 2000. The Bill has been referred to the Standing Committee on Finance.